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The urgent financial problems in Brazil will continue long after the immediate crisis is bridged by additional funding for debt payments. Brazil's borrowing requirements will be \$15 billion or so during 1983; a year with poor prospects for international trade. There will be large borrowing requirements early in the year. Moreover, most of the Europeans view Brazil as principally a US responsibility and will be reluctant to make additional large commitments, increasing the burden on the US. The scheduled January visit of Prime Minister Nakasone, however, may provide an opportunity to obtain additional financial support for Brazil.

Nakasone clearly views his upcoming visit as important to his political fortunes. With protectionist forces building rapidly, the Japanese may not be able to satisfy US demands on defense or key trade issues such as agricultural quotas, tobacco or industrial standards. To insure a positive reception in Washington, the Japanese may be willing to play a disproportionately large role in providing funds for Brazil.

The Japanese have a large economic stake in Brazil--a significant export market, several very large development projects, and more than one million Japanese living there. Moreover, the Japanese are usually willing to spend money to achieve a foreign policy objective, as for example in the case of Turkey or stimulation of their domestic economy, in response to US initiatives. At this time, an opportunity to be cooperative with the US and internationally responsive should have strong appeal in Tokyo. The government would not have to expend political capital to accomplish this; the banks could be given administrative guidance to lend the money, perhaps under a multilateral umbrella.

A favorable Japanese response would not only help stabilize the situation in Brazil and on the financial markets, but would allow Nakasone to arrive in Washington on a positive note having assisted the US in a crucial financial situation. Perceived success in managing the US relationship would strengthen Nakasone's political position in Japan, facilitate Japanese concessions in other areas, and consequently clearly benefit US bilateral policy objectives. A perceived Nakasone failure would undoubtedly generate political turmoil, further limiting Nakasone's bilateral policy options.

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